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16 April 1957

MEMORANDUM FOR: Legislative Counsel

SUBJECT : Proposed "Local Nationals Personnel Act"

1. This Office has reviewed the proposed bill dated 25 January 1957 and the accompanying analysis and has compared it with similar legislation submitted last year.

2. Like last year's bill this one is very broad and does not contain any of the specifics which will be necessary to make it effective. It is contemplated that particulars suitable to various agencies and areas will be put into effect by a regulation. However, it should be noted that implementing regulations will be issued by the President, and until we have knowledge of the nature of such regulations, it is difficult to comment on the effect of the bill on this Agency.

3. Generally the bill is a good one and appears worthy of our support bearing in mind, of course, the particular security and administrative problems which may arise

AT Both Mr. Winslow, in his letter to Mr. Brundage, and the accompanying analysis indicate that it is intended to provide a broad permissive framework which can be adapted to meet the variety of conditions that may be encountered in different foreign areas. If we can be assured that the legislation and the regulations issued thereunder by the President will be purely permissive, we should have no serious objection to it. If such is the case, we will still be able to apply normal employment standards to certain non-citizen employees where deemed desirable by the Agency. However, because of this Agency's peculiar needs for non-citizen employees, it would be objectionable for us to have to comply with a Local National Personnel Act in the employment of all non-citizen personnel.

4. Section 15 of the proposed bill concerning Civil Service retirement is not truly permissive in that it amends the Civil Service Retirement Act so as to exclude local employees. Unless agencies are permitted to consider some non-citizen employees as

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other than local employees, all non-citizens employed abroad will be excluded from Civil Service retirement. This may be undesirable in the cases of certain employees of this Agency.



Office of General Counsel

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2 April 1957

Memorandum for: AD/00
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SSA/DDS
D/Personnel

Subject: "Local Nationals Personnel Act"

The Bureau of the Budget has requested the comments of this Agency on the subject draft bill. As our reply is requested by 1 May, would you please let me have any comments you wish to make by 19 April so that a consolidated reply may be written.

/s/ Norman S. Paul

Norman S. Paul
Legislative Counsel

Attachment --

Draft bill "Local Nationals Personnel Act."

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THE WHITE HOUSE

Washington

March 18, 1957

Dear Mr. Brundage:

For several years there has been concern among agencies required to conduct operations in foreign areas, over the lack of appropriate authorities for effective management of the large numbers of non-U. S. citizen personnel utilized in such areas. Most of the basic laws and rules with which agencies have had to work were developed for application to U. S. citizen personnel employed in the United States. Experience has shown that in many respects they are not suitable or adaptable for application to non-U. S. citizens employed in foreign countries. This has been especially true for the Department of Defense which, during the postwar period, has become a major employer of local personnel in many overseas communities and its personnel policies and practices have become the subject of considerable local and even national interest.

There appears to be considerable agreement that, under these circumstances, it would be to the advantage of the U. S. Government in its relations with foreign countries and their citizens, to be able in many respects to observe the customs and practices of other local employers, including the local Government, in the employment of local personnel. Because of the lack of enabling legislation or because of prohibitions or restrictions in laws designed to apply to U. S. citizen employees, there are many areas in which it is not possible to do this.

In consultation with representatives from various departments and agencies of the Government, draft legislation has been prepared which is designed to provide a broad framework of authorities to permit conformance, to the extent deemed desirable and practicable under particular circumstances, with local employment customs and practices. The proposed bill is necessarily broadly permissive, because of the variety of circumstances it is intended to cover and because of the varying needs of the agencies. It is contemplated that the Department of Defense, with its large and relatively temporary local work force, will desire to develop programs which conform generally to local practice, while State Department and possibly others will desire to continue existing career systems for career alien employees, with certain modifications. However, the proposed bill is made applicable to all agencies so that authorities needed even by the Department of State will be made available to them, and so that one basic statute will be the major source of legislative authority in this field.

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The proposed bill does not alter basically the existing authority of the heads of agencies to issue regulations on this subject. However, it does provide that the President may establish overall policies. We believe that coordination of policies established under this bill should continue to be accomplished through existing channels, primarily on a Country or Area basis as it is now, but that a firm requirement and the establishment of any additional mechanics needed for such coordination would be an appropriate matter for Presidential regulation. We do not believe this proposed bill requires any additional provision in this regard.

There are attached copies of the draft legislation and a proposed sectional analysis. This is a complex matter and will require the most careful consideration of all agencies concerned. However, it has been the subject of correspondence and discussions with them over the past several years. The current proposal represents a very careful consideration of the attitudes and suggestions expressed, and an effort to meet the needs of all agencies concerned, keeping in mind the basic needs of the Government as a whole. It is hoped that a high priority can be given to its consideration and that an early response may be received. If at all possible, it would be desirable to submit this proposal in ample time for consideration during this session of Congress.

It is believed that implementation of this proposed legislation would result in economies, and would not in itself result in any additional cost to the Government. Comments on this subject are being solicited from major agencies affected.

Sincerely,

Joseph E. Winslow

Honorable Percival Brundage
Director
Bureau of the Budget
Washington, D. C.

Attachment

January 25, 1957

A BILL

To provide authorities for the procurement of personal services of non-citizens in foreign areas and establishing non-United States citizen personnel programs, and for other purposes

1 Be it enacted by the Senate and House of Representatives of the
2 United States of America in Congress assembled, That this Act may be
3 cited as the "Local Nationals Personnel Act."

4 SEC. 2. Objectives. The purpose of this Act is:

5 (a) To provide authorities needed in administering personnel
6 programs for employees of the United States who are not nationals of
7 the United States and who are employed by U. S. agencies operating in
8 foreign areas.

9 (b) To provide relief from certain laws intended primarily for
10 application to employees who are nationals of the United States, and
11 which are not appropriate for application in foreign areas to non-
12 U.S. citizens.

13 (c) To authorize the procurement of personal services by appro-
14 priate means other than appointment to U. S. rolls.

15 (d) To enable agencies to apply personnel practices consistent
16 with local laws and with customs and practices generally observed by
17 other employers in the foreign areas concerned.

18 SEC. 3. Definitions. In this Act:

19 (a) "Agency" means any department or agency of the United States
20 Government including corporations wholly-owned or controlled by the
21 United States.

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1 (b) "Foreign area" means any area outside the 48 States, and
2 outside the District of Columbia, Alaska, American Samoa, the Canal
3 Zone, Hawaii, Puerto Rico, Guam, (Swan Island, and the Virgin Island

4 (c) "Local employee" means an employee who is not a national
5 of the United States and who is employed by an agency in a foreign
6 area.

7 (d) "Local law" means the foreign law applicable to employers
8 in a foreign area.

9 SEC. 4. Regulatory Authority. Subject to policies which may
10 be established by the President, the head of an agency may prescribe
11 regulations necessary to carry out this Act.

12 SEC. 5. Procurement of Personal Services. Any of the following
13 methods, as may be in the best interests of the United States, may
14 be used by agencies, in foreign areas, to procure the personal services
15 of persons who are not U. S. citizens.

16 (a) Direct hire of persons as employees of the United States.

17 (b) Indirect hire, including contracts with individuals or
18 contracting agencies or agreements with foreign governments or agen-
19 cies thereof whereby the services of persons are made available to an
20 agency on a reimbursable or other basis which may be negotiated.


21 (c) Any other basis authorized by law.

22 SEC. 6. Employee's Obligation.

23 (a) When practicable, a local employee should be required to
24 sign an agreement that he will conscientiously perform the duties
25 assigned to him, and that he will be faithful and loyal to the

1 employing agency. Unless prohibited by local law or determined by
2 the head of an agency to be against the interests of the United
3 States, such an agreement shall contain anti-strike and subversive
4 activities affidavits similar to those required from an employee who
5 is a national of the United States.

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6 (b) Section 1 of the Act of August 9, 1955 (69 Stat. 624) is
7 amended by adding the following sentence at the end thereof: 

8 "However, this Act does not apply to employees of the
9 United States covered by the Local Nationals Personnel
10 Act."

11 SEC. 7. Compensation and Employment Benefits.

12 (a) So far as practicable, compensation for local employees
13 shall be based upon locally prevailing pay rates and practices or
14 upon pay rates and practices prevailing in the area of recruitment.
15 Family and other allowances, bonuses, premium pay for holiday work,
16 overtime and night pay, advance payments for leave, health and medical
17 benefits, retirement, severance pay, and other employment benefits,
18 may be provided if consistent with local law and/or practices gen-
19 erally followed by other employers in the particular area of em-
20 ployment or in the area of recruitment. These items may be made a
21 part of basic pay or they may be provided separately, or if these
22 items are administered by agencies other than the employer under
23 local labor or social benefits laws, an agency may participate in
24 such programs and may pay from available funds contributions normally
25 required from local employers under that program. Where a contribution

1 is required from an employee, an agency may make payroll deductions,
2 and transmit those payments to the proper authority.

3 (b) So far as practicable, payments shall be made in the cur-
4 rency of the country where the services are principally performed.

5 (c) An agency may permit local employees to make allotments
6 of pay and, in those areas where the collection of income taxes is
7 normally accomplished by payroll deductions, may make similar deductions
8 from the pay of local employees and transmit collections to designated
9 authorities.

10 (d) Whenever local employees are required to perform services
11 for the United States at locations where other adequate facilities
12 are not available, an agency may provide lodging and meals, and local
13 transportation at prices commensurate with the local market values.

14 SEC. 8. Working Hours and Holidays. Notwithstanding any other
15 provision of law, an agency may establish the working hours and basic
16 workweek for local employees and may designate local or United States
17 legal holidays, or any combination of them, to be observed as holi-
18 days, and may compensate for work on such days at applicable holiday
19 pay rates.

20 SEC. 9. Training. Whenever it is determined to be in the
21 interests of the United States, an agency may provide language and
22 other training to local persons needed to fill U. S. Government
23 positions in foreign areas, including training in non-governmental
24 facilities.

25 SEC. 10. Travel, Transportation and Storage

(d) If a local employee, whose travel expenses to a post of duty were paid under subsection (b), or any dependent⁴ accompanying

1 him, dies during that employee's tour at the post of duty, an
2 agency may pay the cost of preparing and transporting the remains
3 of that person to the place of recruitment, residence and transfer
4 and, in the case of the death of an employee, the cost of transport-
5 ing the dependents who accompanied him and his household goods and
6 personal effects to the place of recruitment, residence or transfer.

7 (e) If it is determined that the transportation of household
8 goods or personal effects is unfeasible, uneconomical or not in the
9 interests of the United States, an agency may pay the cost of storing
10 these goods and effects, including expenses incidental to that storage.

11 (f) Under this section, expenses for the transportation of
12 household goods and personal effects include expenses incurred in
13 packing and unpacking, crating, drayage and cartage, and temporary
14 storage.

15 (g) Reasonable weight limitations shall be imposed on trans-
16 portation and storage of household goods and personal effects, not
17 to exceed those provided for U. S. citizen employees in comparable
18 situations.

19 SEC. 11. Health and Medical Care.

20 (a) An agency may provide or pay for physical examinations
21 of local applicants and employees and their dependents, and may
22 provide inoculations and vaccinations.

23 (b) In the case of local employees transported at the expense
24 of the United States to posts of duty in remote areas or in other
25 foreign countries, or those stationed at posts where there are no

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1 adequate medical facilities other than those of the United States,
2 an agency may provide medical care, including transportation to and
3 from the nearest available adequate medical facility, for local
4 employees and their dependents to the extent that the employing
5 agency is authorized to provide that care for United States citizens
6 who are employees of the United States and their dependents, with
7 appropriate adjustments in charges in consideration of basic pay
8 received. This subsection does not apply to employees who are
9 eligible for and able to receive those benefits under a health and
10 medical program of any foreign government. An agency may participate
11 in such programs and may pay from available funds contributions
12 normally required from local employers under that program. Where a
13 contribution is required from an employee, an agency may make payroll
14 deductions, and transmit those payments to the proper authority.

15 SEC. 12. Incentive Awards. For purposes of participation in
16 the Government Employees' Incentive Awards program (68 Stat. 1113)
17 individuals whose services are obtained under the authority of
18 Sec. 5(b) of this Act may be considered as if they were civilian
19 employees of the Government.

20 SEC. 13. Leave.

21 (a) Notwithstanding any other provision of law, an agency
22 may establish a leave system for local employees which may conform
23 to the leave system generally observed under local law or custom
24 for similar classes of employees by other employers in the area,
25 including the foreign government, or the annual and sick leave laws

1 applicable to employees who are U. S. citizens, or an appropriate
2 modification thereof, may be applied.

3 SEC. 14. Personnel Actions.

4 (a) Personnel actions taken under this Act shall not be subject
5 to the provisions of the Civil Service Act of 1883 as amended, or to
6 the Veterans Preference Act of 1944, as amended.

7 (b) Agencies shall establish personnel policies which will
8 reflect credit upon the U. S. as a progressive and just employer
9 by local standards and provide adequate protection against arbi-
10 trary or capricious supervisory actions.

11 (c) Local employees separated or suspended unfairly may be
12 compensated for all or part of the period of separation or sus-
13 pension as determined to be appropriate.

14 SEC. 15. Civil Service Retirement.

15 (a) Sec. 2 of the Civil Service Retirement Act is amended by
16 adding, immediately after subsection (g) the following new subsection:

17 "(h) This Act shall not apply to local employees of the
18 United States unless --

- 19 (1) There is no local retirement program in the
20 foreign area where the person is employed;
- 21 (2) The agency or department (including a corporation
22 wholly owned by the United States) employing that
23 person does not participate in the local retire-
24 ment program; or
- 25 (3) The employee is not eligible for coverage under
26 that program.

1 "As used in this subsection, the term 'local employee' means
2 an employee who is not a national of the United States and who is
3 employed by an agency in an area outside the 48 States, and outside
4 the District of Columbia, Alaska, American Samoa, Canal Zone, Hawaii,
5 Puerto Rico, Guam, Swan Island and the Virgin Islands."

6 (b) Section 9(a) of the Civil Service Retirement Act is amended
7 by substituting a colon for the period at the end thereof and adding:
8 "and provided further that the clauses (B) of this subsection shall
9 not apply to the service of any 'local employee' as defined in
10 section 2(h) of this Act, performed on or after the effective date
11 of this amendment."

12 SEC. 16. Effective Date of Act. The effective date of this
13 Act shall be the first day of the third month following the date
14 of its enactment.

January 25, 1957

ANALYSIS OF THE PROPOSED LOCAL NATIONALS PERSONNEL ACT

Sec. 2 sets forth the objectives of this Act.

As a consequence of extensive aid and defense activities throughout the world, the United States Government has become an employer of large numbers of non-United States citizen personnel in foreign areas. However, agencies have not been properly equipped with adequate personnel authorities to cope with the varied personnel problems that have been encountered in different countries. They have had to make use of personnel legislation which was enacted primarily in behalf of United States citizen employees working in the United States and often found to be inadequate or inappropriate for application in the employment of non-citizens in foreign areas. In some instances, the inability to modify United States legislative requirements in recognition of local situations has caused friction between the United States agency and the host government. In other cases, the inability to conform to local customs or practices has impaired morale of local employees.

The type of operation in which an agency is engaged can have considerable bearing on its problems in personnel administration. The diplomatic missions and related activities, such as the information offices, agricultural attaches, and aid missions, which generally require comparatively small numbers of local personnel and which can offer almost a permanent career-type employment to their local employees have less need to conform to local practices than agencies such as the military establishments which utilize large numbers of personnel with uncertain and sometimes relatively brief tenure. In the latter case, the individual and

his government expect the employer, whether or not a United States agency, to provide substantially the same conditions of employment and continued protection under local employee benefit plans as are provided by other local employers.

The proposed legislation is intended to provide a broad permissive framework which can be adapted to meet the variety of conditions that may be encountered in different foreign countries. The main objective is to provide sufficient statutory flexibility to permit agencies to conform with local laws, customs, or practices followed by other major employers in a foreign area, to the extent that it may be determined to be in the interests of the United States Government to do so, and administratively practicable.

Sec. 3 defines certain terms used in the Act.

Sec. 4 - This section authorizes the heads of agencies to prescribe regulations necessary to carry out this legislation subject to applicable policies which may be established by the President. For example, to assure the desirable degree of uniformity in the implementation of this Act, Presidential regulations could provide special mechanics for coordination among various agencies operating in any overseas area, possibly under the leadership of the U. S. Chief of Mission, when policy is being established on certain subject matter areas. The President might also desire to establish certain limits on the exercise of the broad permissive authorities contained in the Bill, based on operating experience of the agencies. It is not practicable to establish such control in the law because of the variety of situations covered and

the need for flexibility in dealing with unusual or emergency situations arising in the foreign areas concerned.

Nothing provided herein is intended to modify in any way the traditional role and responsibility of the principal diplomatic officer in a foreign area. He would be primarily responsible for any necessary negotiations with the host government based on this Act, subject, of course, to full coordination with the United States agencies involved in order to assure that their requirements are satisfied to the maximum extent possible.

Sec. 5 - This section would contain the basic authority for procurement of personal services of non-United States citizens in foreign areas by any agency required to conduct operations in such areas. Existing authority for employment of consular agents by the Secretary of State, and any special authorities for employment of aliens in foreign areas by contract or other similar basis are not affected.

Two methods for procurement of services are authorized, namely, by direct hire and by indirect hire, which includes Executive agreements and contracts. Under the direct hire method the individuals are employed by the agency as direct employees of the United States Government, subject to management control and administration by the agency, with conditions of employment and wages and salaries established by the agency. Under the indirect hire method the agency would enter into an agreement with the host government whereby some agency of that government would employ the individuals required by the United States agency, and would handle all administrative details in connection therewith under a

mutually satisfactory reimbursement arrangement. While recruiting would be done by the host government agency, selection of individuals to be employed would be by the United States agency, and the employees would be subject to management control by the United States agency.

The indirect hire method has been used largely by the Defense Department. Under this arrangement conditions of employment and wages and salaries, which are fully covered in the agreement entered into, are based on but not necessarily fully conforming to local laws and customs.

Authority to contract for personal services will enable the Government to procure these services without making appointments directly to United States rolls, under conditions negotiated with the contractor. This arrangement is desirable in cases where the U. S. does not desire to subject itself to conditions imposed on employers in the area, or where it is not feasible to make direct appointments or enter into special executive agreements.

Long established operations, such as the diplomatic missions, have used the direct hire method of employment and over the years have developed a personnel system for their local employees which has generally been found satisfactory both for the employing agency and the employees. Small employers would probably find the direct hire method of employment preferable. However, in the case of the military establishments, the attitude and desires of the host government would have considerable bearing on the employment method used. The choice provided agencies in this legislation would equip them to meet effectively any situation that might be met.

Sec. 6 - This section provides that the local employee may be required to execute an agreement that he will conscientiously perform the duties assigned to him, and that he will be faithful and loyal to the employing agency. It is further specified that if not contrary to local law or to the policies and best interests of the United States Government, anti-strike and non-subversive activities affidavits similar to those required from United States citizen employees be included in such agreement. It is considered inappropriate to make the two latter items mandatory since political considerations will need to be taken into account in each country. In some areas where employees have the right to strike against their own government a requirement to sign an anti-strike affidavit could be inadvisable, and in any case would have no legal value. However, since such an affidavit might well serve as a moral deterrent to strikes, it would be expected that the agencies would require it from local employees unless other factors dictated otherwise. Affidavit requirements should more appropriately be covered in regulations, based on a careful evaluation of propriety for each country.

Sec. 7(a) - This section establishes authority for agencies to develop compensation and benefit plans for local employees based on locally prevailing practices. It is specifically provided that compensation plans may provide for the payment of family and other allowances, bonuses, holiday pay, overtime and night differential pay, advance payments for leave, severance pay, and the like, in line with pay practices generally followed by other employers, including the host government, in the area, and that such items may be added to and made a part of basic pay or provided separately.

It has generally been the practice of United States agencies to develop pay plans for their local employees based on locally prevailing pay rates and practices, and frequently they have taken into consideration some of the items listed above in establishing the base pay rates. However, to employees accustomed to receiving a bonus at a certain time of the year, a higher monthly take-home pay in lieu thereof is an unsatisfactory substitute, since the bonus is usually paid at a time when there is need for added cash, as in the case of Christmas bonuses. Bonuses are common in foreign countries, as well as among United States private employers, but they are specifically prohibited insofar as Government employees are concerned under 5 U.S.C. 70, 71.

Another common custom in foreign countries is to make advance salary or wage payments to cover the period that an employee will be on vacation leave. Since such payments are generally made only for the leave to which the employee is entitled, it would involve no risk to the Government for agencies to adopt this custom in any country where it is generally practiced, provided that the amount of such payment is limited to the amount of leave to which the employee is entitled at the time he goes on leave.

Provision is made for developing compensation plans on the basis of pay rates and practices prevailing either in the area of employment or the area of recruitment. However, this does not preclude compensation plans based upon any appropriate and justifiable basis necessary to provide adequate employment incentives. Authority to base compensation plans on rates and practices prevailing in the area of recruitment will

enable agencies to establish appropriate pay rates in those instances where (1) places of employment are in remote areas which do not in fact have representative locally prevailing rates and for which labor supplies must be sought in more populous areas; or (2) when it is necessary to go outside the area of employment for certain specific skills and training which are not available locally.

The Bill also authorizes participation in governmental or other programs which provide other employment benefits, by making necessary employee contributions. In many areas there are social benefits plans in which all employees participate. These include retirement or social security programs, health and medical programs, maternity benefits and others such as fringe benefits programs referred to above. This section provides that the employing agency can participate in these benefits programs in accordance with local practice, whether by direct payment to the individual, by contribution into a local governmental system, by payroll deductions or any other appropriate arrangement.

(b) Payments to local employees would, except in special circumstances, be made in the currency of the country where the services are principally performed. Exceptions might be necessary in those cases where individuals are recruited from outside the country of employment, or where they are serving at posts which were newly built by the United States Government and at which the currency of the country is not generally used as a medium of exchange.

(c) Agencies often find it advantageous to employ individuals who are not citizens or residents of the country in which the operation is

located, frequently for the purpose of obtaining people with special skills or particular qualifications, such as a language proficiency. Transfers of local employees may be arranged for similar reasons. However, because of foreign currency control regulations and the difficulties in transferring funds back to their countries of residence, such individuals may be reluctant to accept such employment. This section provides authority for agencies to make allotments of pay for such individuals, similar to the authority available for United States citizen employees serving overseas to make allotments back to the United States. It would be expected that an employee would generally be permitted only one such allotment, either to a member of his family or to a banking institution in his country of residence, payable in the currency of such country. The authority would probably be exercised only when the United States Government has a facility in the particular country, through which such allotment payments could be effected, and in any case no such allotments would be permitted if embarrassment to the United States Government might result due to currency control regulations of the countries of origin or destination for such allotments.

(d) This section authorizes agencies to provide lodging and meals at prices commensurate with the local market values in the event that employees are required to work at locations where other appropriate facilities are not available.

Sec. 8 - Observance of holidays by United States agencies in foreign areas presents a problem. One of the reasons is that United States statutes designate eight days to be observed as legal holidays,

and normally holiday pay must be paid to United States citizen employees required to work on such dates. Each foreign country has its own holidays, varying in number by country, and seldom coinciding with the dates of United States holidays. Local employees naturally prefer to observe their own holidays, and expect pay at holiday rates if required to work on such days. Since as many as 15 holidays may be observed in some countries, it would involve considerable loss of productive time to observe all important local holidays and the eight United States legal holidays.

The legislation proposed would permit the agencies to establish a holiday list for local employees, which could consist either of local holidays or United States legal holidays or an appropriate combination of the two; i.e., substituting certain United States legal holidays for certain local holidays. It would be expected that the total of such holidays would not exceed the total number of holidays observed generally by other local employers, including the host government. Work required to be performed on any of the dates included on the holiday list could be compensated at holiday pay rates if provided for in the compensation plan.

Sec. 9 - This section would permit agencies to train local persons to fill various positions either directly or through private or commercial facilities. In certain areas the local labor supply may not provide sufficient numbers of individuals with the requisite training and skills to fill all competing employment needs, yet there are available individuals with the requisite interest and aptitudes who could be

trained for effective service at considerably less cost than would be involved in recruiting United States citizens for such positions. To protect the Government's investment in such training, agencies could require the individual to sign an agreement to remain in the service of the agency which provides the training for some specified minimum period.

Sec. 10(a) - This section calls attention to the fact that authorities already available for payment of travel, transportation and storage expenses are not affected, but that certain additional authorities are provided in this legislation.

(b) This subsection authorizes payment of travel expenses for the employee, and transportation costs for dependents and household goods and personal effects, in connection with reporting to first duty stations. The justification for such authority is that in several countries United States installations are located in remote or isolated areas for which much of the necessary personnel must be recruited from other more populous centers either in the same or other countries. In other areas unskilled types of employees may be available but trained, skilled persons must be recruited elsewhere. Under such circumstances the qualified individuals may be willing to accept employment away from their places of residence or the area of recruitment, but only if they are not required to incur the expense of reporting to the duty station. The legislation stipulates that such expenditures may be incurred by agencies only when the employees agree in writing to remain in the Government's service for not less than 12 months after arrival at the post, unless separated earlier for reasons beyond their control; and that upon termination of

their services, they and their dependents and effects may be returned to a place specified in such agreement. Earlier termination might occur either for convenience of the Government or for humanitarian reasons. It would be assumed that for administrative convenience agencies would adopt a uniform tour of duty at such posts both for local and United States citizen employees, which under present legislation could range from one to three years.

(c) This subsection authorizes transportation for leave purposes for an employee and his dependents, in those cases where the employee has been transported to the duty post at Government expense. This would apply in the case of transportation to posts outside the country of residence, or to overseas areas, or to remote or isolated areas whether within the country of residence or not. The legislation stipulates that transportation for leave purposes may be provided at the conclusion of the period of service agreed to in writing at the time of transportation to such post (see subsection (a) above), provided that the employee agrees in writing to accept another tour of duty at the same or another post. It is further provided that the time involved in performing travel for leave purposes, by approved means, shall not be charged to the employee's regular leave. This is similar to authority which was provided for United States citizen employees under P.L. 737 - 83rd Congress.

(d) This section provides travel and transportation benefits for employees and their dependents in the event of death.

(e) This subsection authorizes agencies to pay for storing the household goods and personal effects of employees who are sent to posts

where they cannot use or to which they are not permitted to take such effects as the result of an administrative determination that it would be uneconomical or contrary to the interests of the Government to transport them.

(f) This subsection defines the various expenses that are properly chargeable as transportation costs under authorities provided herein.

(g) This subsection provides that reasonable weight limitations shall be established for transportation and storage of household goods and personal effects, not to exceed those provided for U. S. citizens in comparable circumstances. This gives flexible authority to meet varying needs but imposes an adequate maximum limit.

Sec. 11(a) - This subsection extends authority to pay for physical examinations and inoculations and vaccinations to applicants and dependents, as well as employees. It is expected that such authority would be used only when it is intended to transport an employee to another post at Government expense.

(b) This subsection provides authority, in those instances where local employees are transported at Government expense to posts in remote areas or to other foreign countries, or those stationed at posts where adequate medical facilities other than those of the Government do not exist, to provide medical care, including transportation to and from the nearest available adequate medical facility, for both the employee and his dependents, to the same extent that the employing agency is authorized to provide such care for United States citizen employees and their dependents. It is further provided that in the event any costs are chargeable

to United States citizen employees for any care provided, appropriate adjustments may be made in the charges to local employees in relation to basic pay received. No such care would be provided under this authority to any employee who is eligible for and able to receive similar benefits under a health and medical program of any foreign government (either his own or the government of the country in which he is working).

Sec. 12. This section is intended to permit participation in the Government Employees' Incentives Program by individuals whose services are engaged under the indirect hire authority.

Sec. 13. This section provides authority for agencies to adopt the leave system generally followed by other employers in an area for similar classes of employees or to apply the leave provisions applicable to United States citizen employees, or any appropriate modifications thereof. Propriety and administrative practicability would influence the adoption of a leave system for local employees, and the authority provided herein is intended to be sufficiently flexible to allow the agencies considerable discretion in establishing a leave system appropriate for the particular area.

Sec. 14(a) This subsection removes local employees from coverage under the Civil Service Act as amended and the Veterans Preference Act. Open competitive appointment, or other personnel actions under Civil Service rules are not practicable for local employees, and Veterans Preference is practicable only to the extent that it can be given on a local basis. It is contemplated that regulations will continue to provide preference in all personnel actions for veterans, but this will be done

administratively and existing appellate and other procedures will not apply.

(b) This subsection is a declaration of legislative intent that authorities provided in this Act shall be administered fairly and in a manner that will reflect ^{the}/goodness and justice of the United States as an employer. No other firm standards are provided because of the difficulty in establishing norms with universal applicability. Even such practices as non-discrimination and other established fair labor standards in U. S. Government employment cannot be observed in certain areas because of local laws, rules or prejudices, the violation of which would be considered a direct affront to the host government.

(c) This subsection is patterned after authority which applies to United States citizen employees who are restored to duty after a period of suspension or separation which has been determined to have been unjustified or unwarranted. It is considered desirable to have similar authority for local employees so that hardships occasioned by unwarranted suspension or separation may be offset by restoration of all or part of the pay lost. It would be expected that local custom or law would be taken into account in determining appropriate action in a case, and that the authority contained herein would be utilized only to the extent that it is determined to be desirable from the standpoint of employee morale and public relations.

Sec. 15(a) - This subsection would amend the Civil Service Retirement Act to exclude therefrom local employees generally. A local employee is defined as an employee, who is not a national of the United States,

serving in any area outside the 48 States and outside the District of Columbia, Alaska, American Samoa, the Canal Zone, Hawaii, Puerto Rico, Guam, Swan Island and the Virgin Islands. Exclusion from Civil Service Retirement coverage would not operate if (1) there is no local retirement program in the area where the person is employed, (2) a local program does exist but the employing agency chooses not to participate, or (3) participation is effected but the employee is not eligible to be covered by the local program.

This means that the local employee appointed after the proposal's effective date with coverage under the local program will not be subject to the Civil Service Retirement Act. The employee already under the Retirement Act would lose such status when he goes under the local program after enactment of the bill. This latter transaction would be considered a transfer to a position not within the purview of the Retirement Act entitling the local employee to:

1. a refund, if he has less than 5 years' civilian service;
2. if he has at least 5 years' civilian service, (a) an annuity beginning at age 62 (or immediately if then beyond 62) or (b) a refund provided the transfer occurs and refund claim is filed at least 31 days before the deferred annuity could begin.

(b) This subsection would also amend the Retirement Act by eliminating therefrom, for local employee service performed after the bill's effective date, the 1%-plus-\$25 method of annuity computation. In other words, the local employee thereafter retiring under the Civil Service Retirement Act would have his annuity computed as follows:

1. For service prior to said effective date, the higher of (a) 1% of average salary, plus \$25, multiplied by years and months or (b) $1\frac{1}{2}\%$ of average salary multiplied by service up to 5 years, $1\frac{3}{4}\%$ between 5 and 10 years, and 2% for service over 10 years, plus
2. For service thereafter, annuity computed under plan (b) only.

Due to the relatively small salaries received by these local employees, the 1%-plus-\$25 plan, which now operates generally for these persons, gives them a much higher annuity -- out of all proportion to the percentage of salary -- than is allowed upon retirement to citizen employees here and abroad. The proposal would not take away any annuity already earned under existing law, but would generally provide a smaller benefit by reason of future service.

Sec. 16 - This section provides a future effective date of this Act to permit adequate time for issuance of necessary regulations.